

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Commission,) Application No. NUSF-21
on its own motion, seeking to)
conduct an investigation into) INVESTIGATION OPENED
the provisioning of access to)
advanced services.) Entered: January 11, 2000

BY THE COMMISSION:

O P I N I O N S A N D F I N D I N G S

The Commission, in Docket No. C-1628, defined Nebraska Universal Service Fund (NUSF) supported services as consisting of: single-party service; touch-tone; standard "white page" (or alpha directory) listing; access to directory assistance; access to interexchange services; access to emergency services, such as 911 or E911; access to operator services; and toll blocking for qualifying low-income consumers. This does not include supporting any "advanced" services, such as Integrated Services Digital Network (ISDN) lines, Digital Subscriber Lines (DSL), or the ability to achieve certain speeds with the use of traditional modems over existing telephone lines. However, the Commission did indicate that it may add advanced services as supported services in future proceedings.

Section 254(b) of the Telecommunications Act of 1996 sets forth principles for universal service. Section 254(b)(2) states that "Access to advanced telecommunications and information services should be provided in all regions of the nation." Section 254(b)(3) states the "Consumers in all regions of the nation, including low-income consumers and those in rural, insular, and high cost areas, should have access to telecommunications and information services, including interexchange services and advanced telecommunications and information services, that are reasonably comparable to those services provided in urban areas and that are available at rates that are reasonably comparable to rates charged for similar services in urban areas." Some parties will argue that these principles apply only to the Federal Communication Commission and not to state commissions. Therefore, this Commission seeks comment on:

Question 1a: Does Section 254(b) of the Federal Telecommunications Act place any requirements on the NUSF?

Question 1b: Specifically, does Section 254(b) require the NUSF to ensure that all Nebraska consumers have access to advanced telecommunications and information services?

Perhaps more relevant is Neb. Rev. Stat. §86-1404, where the Legislature sets forth the principles for the NUSF. Section 86-1404(2) states that "Access to advanced telecommunications and

information services should be provided in all regions of the state." Section 86-1404(3) further states that "Consumers in all regions of the state, including low-income consumers and those in rural and high-cost areas, should have access to telecommunications and information services, including interexchange services and advanced telecommunications and information services, that are reasonably comparable to those services provided in urban areas and that are available at rates that are reasonably comparable to rates charged for similar services in urban areas." Clearly, Neb. Rev. Stat. §86-1404 requires all Nebraska consumers have access to advanced telecommunications and information services at reasonably comparable rates.

Neb. Rev. Stat. §86-1409(1) requires, the NUSF be set at a level that will keep 96% of Nebraska households subscribed to local telecommunications service. The Commission believes that a NUSF surcharge, significantly higher than the current level, will force consumers to forego telephone service and drive the percentage of subscribing households below the 96% benchmark. The Commission seeks comments on:

Question 2: What obligations does Neb. Rev. Stat. §86-1404 place on the NUSF? Specifically, what does "access to advanced telecommunications and information services" entail?

Question 3: How, if at all, does Neb. Rev. Stat. §86-1409(1) limit the ability of the NUSF to increase the surcharge to subsidize access to advanced telecommunications and information services?

Traditional basic local telephone service is most often provided over analog lines running from the customer's premises to the telephone companies end office switch. ISDN converts a line from analog to digital, thereby allowing greater data speeds to be obtained. DSL services are digital services that are provided in conjunction with analog basic telephone service over the same line. Currently, both DSL and ISDN require significant plant upgrades for local exchange carriers (LECs) to offer these services. This includes switching and transmission upgrades, as well as shortening the length of copper loops, particularly in rural areas. Shortening copper loops requires the replacement of significant amounts of copper loop plant with fiber optic cable and its associated transmission, conditioning and power facilities.

At this point, the Commission believes that a requirement that all telephone subscribers have access to ISDN and/or DSL services is prohibitively expensive and the burden on the telephone ratepayers in Nebraska would be too great. However, the Commission would like input on whether the definition for NUSF-supported services should be expanded to include 28.8kps or 56kps modem speeds over traditional analog telephone lines. Therefore, the Commission seeks comment on:

Question 4a: Can most urban customers achieve 28.8kps modem

service over traditional analog lines?

Question 4b: Can most urban customers achieve 56kps modem service over traditional analog lines?

Question 5: Should the definition for NUSF-supported services be expanded to include either 28.8kps or 56kps modem speeds over traditional analog telephone lines?

Question 6: What is the estimated cost for upgrading the telephone system to provide either 28.8kps or 56kps modem speeds over traditional analog telephone lines?

Question 7: Should the NUSF compensate service providers to upgrade any required systems to 28.8kps or 56kps modem speeds? If so, how much?

Question 8: In the event the definition of NUSF-supported services is changed to include either 28.8kps or 56kps modem speeds, should all lines automatically be provisioned with this capacity or should only lines for which there has been a request be provisioned with this capacity?

O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that interested parties file comments in this matter on or before March 13, 2000. Reply comments will be due on April 14, 2000. Parties filing comments should file five paper copies and one electronic copy in WordPerfect 6.0 (or newer) format.

IT IS FINALLY ORDERED that the Commission will set a public hearing in this matter for a date to be determined following review of the comments filed herein.

MADE AND ENTERED at Lincoln, Nebraska, this 11th day of January, 2000.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

Chairman

ATTEST:

Executive Director

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